

Financial Review of the Global Oil and Natural Gas Industry: Second-Quarter 2021



Petroleum and Liquid Fuels Markets Team

September 2021

Key findings for second-quarter 2021 (2Q21)

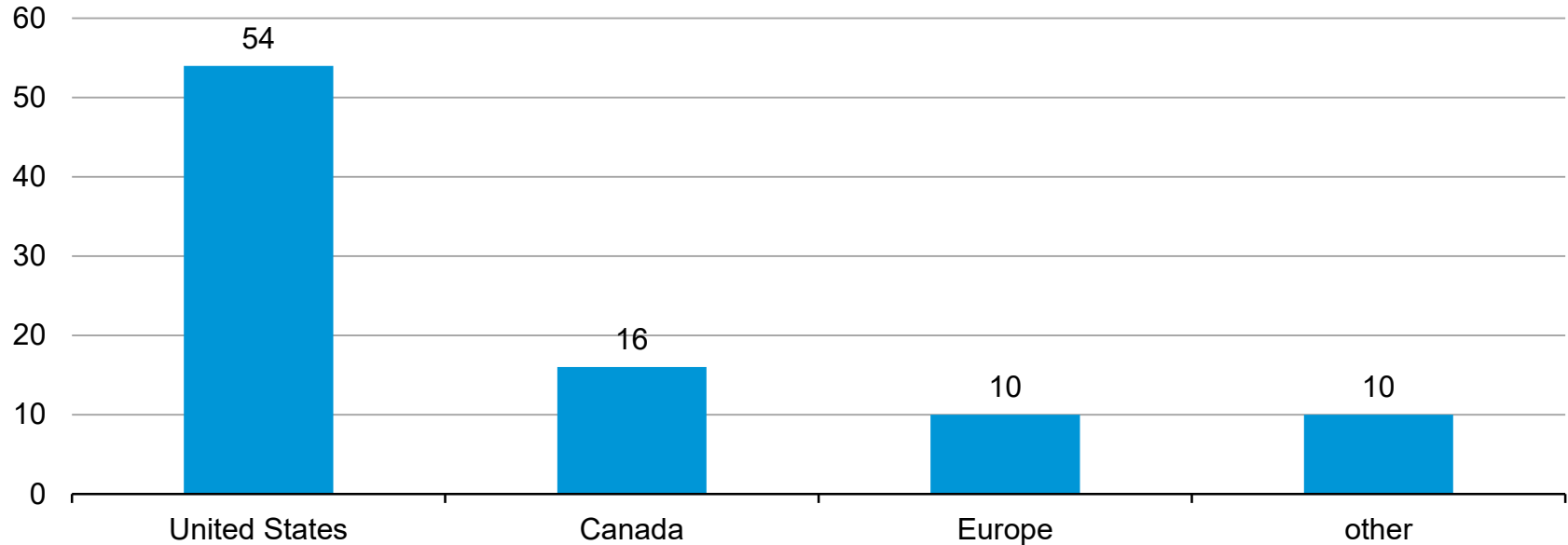
- Brent crude oil daily average prices were more than double prices from 2Q20 and averaged \$69 per barrel.
- In this study of 90 companies, the combined petroleum liquids production level decreased 3% in 2Q21 from 2Q20, and natural gas production remained the same during the same period.
- Net losses from hedging derivatives totaled \$11 billion in 2Q21, the largest net loss in the 2016–21 period.
- Cash from operations in 2Q21 totaled \$138 billion, the highest amount since fourth-quarter 2018, primarily as a result of rising oil prices.

Note: The 90 companies analyzed in this study publish publicly available financial statements. A full list of the companies included and a glossary of terms begin on slide 20.

Most company headquarters included in our study were located in the United States

geographic distribution of global oil and natural gas company headquarters, second-quarter 2021

number of companies



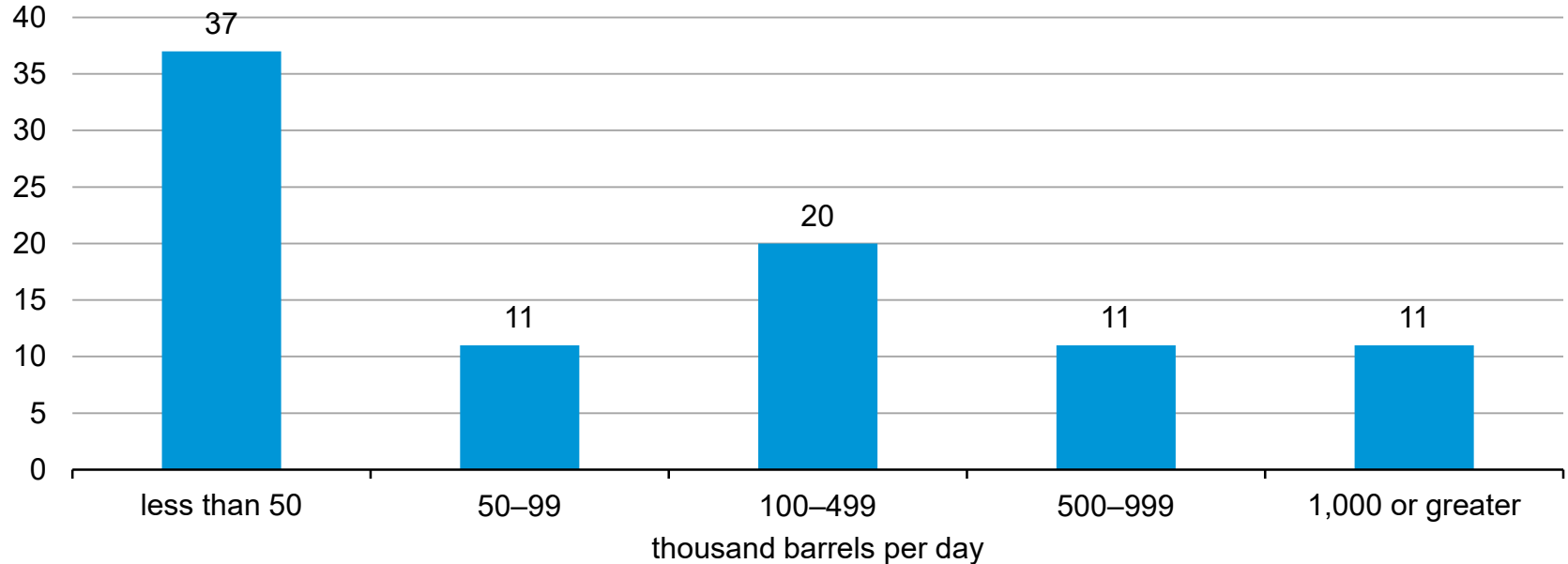
Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Note: *Other* includes Argentina, Brazil, Chile, China, Colombia, and Russia.

About 40% of companies we included produced less than 50,000 barrels per day in second-quarter 2021

distribution of companies by volume of petroleum liquids produced, second-quarter 2021

number of companies

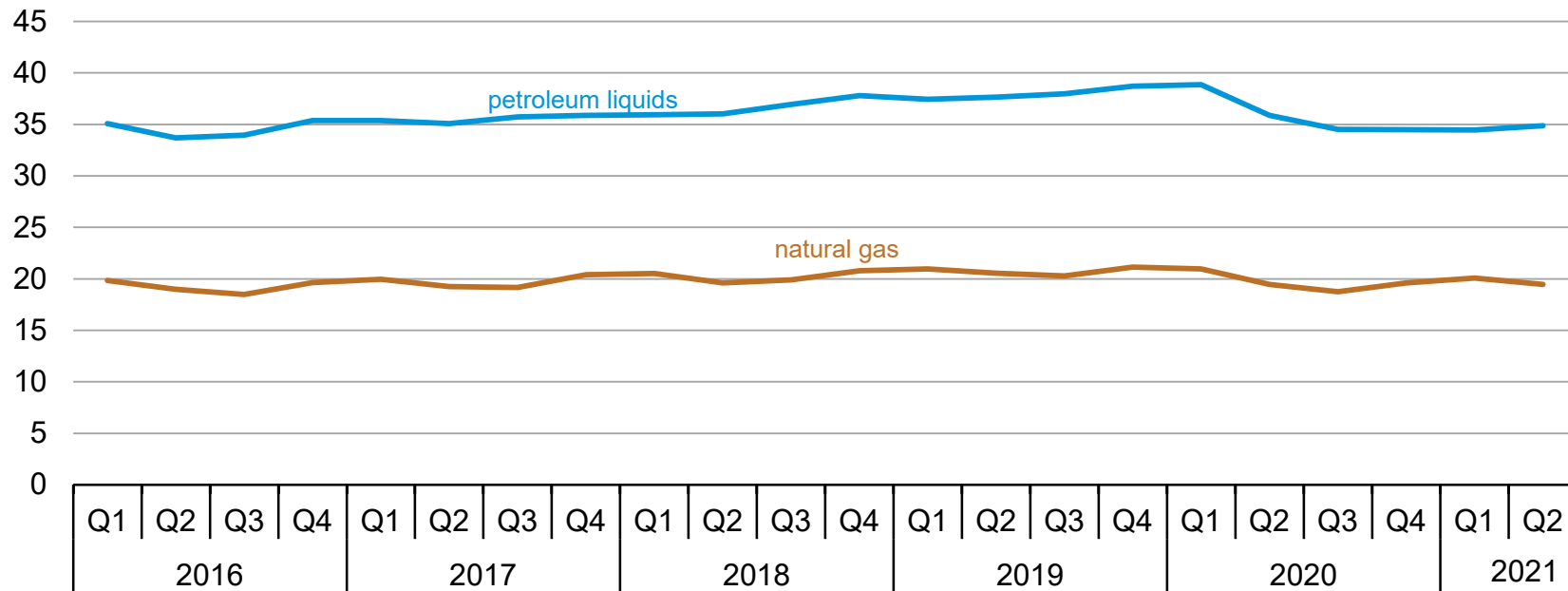


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Production from the oil and natural gas companies remained lower than quarterly average 2019 production in second-quarter 2021

petroleum liquids and natural gas production, 2016–21

million barrels of oil equivalent per day

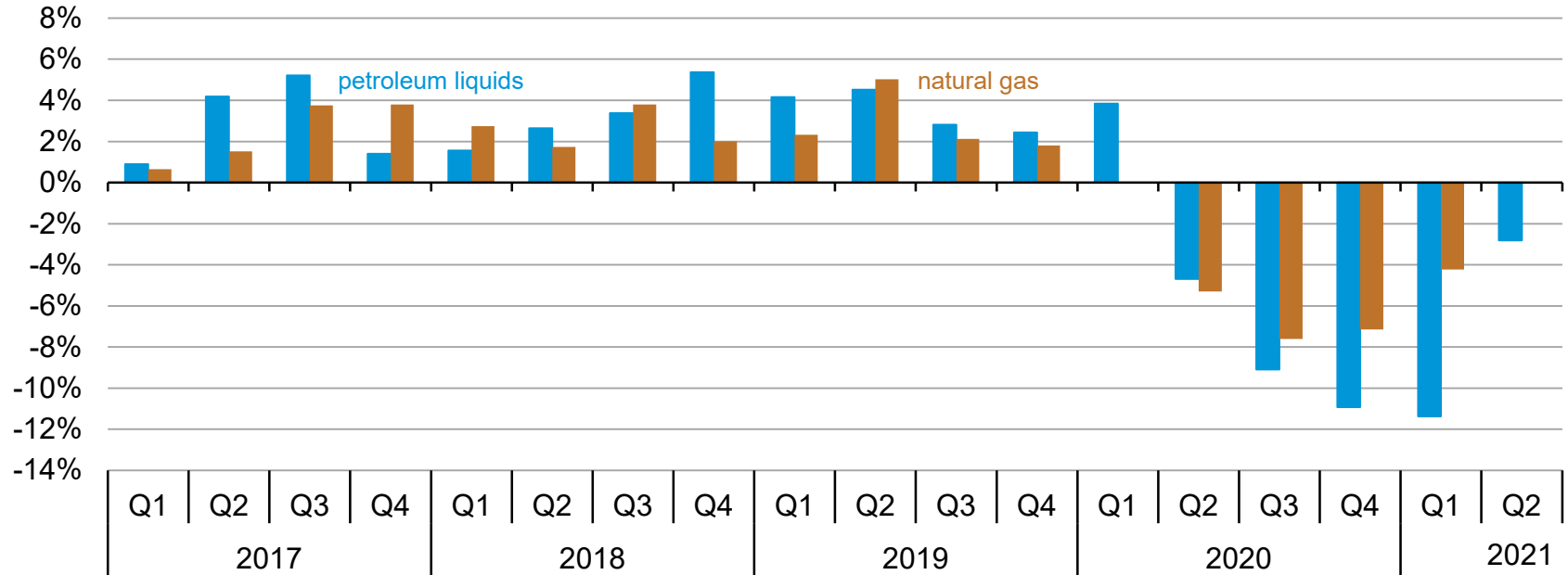


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Petroleum liquids production decreased from second-quarter 2020 to second-quarter 2021 and natural gas production remained the same

petroleum liquids and natural gas production, 2017–21

year-over-year change



Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

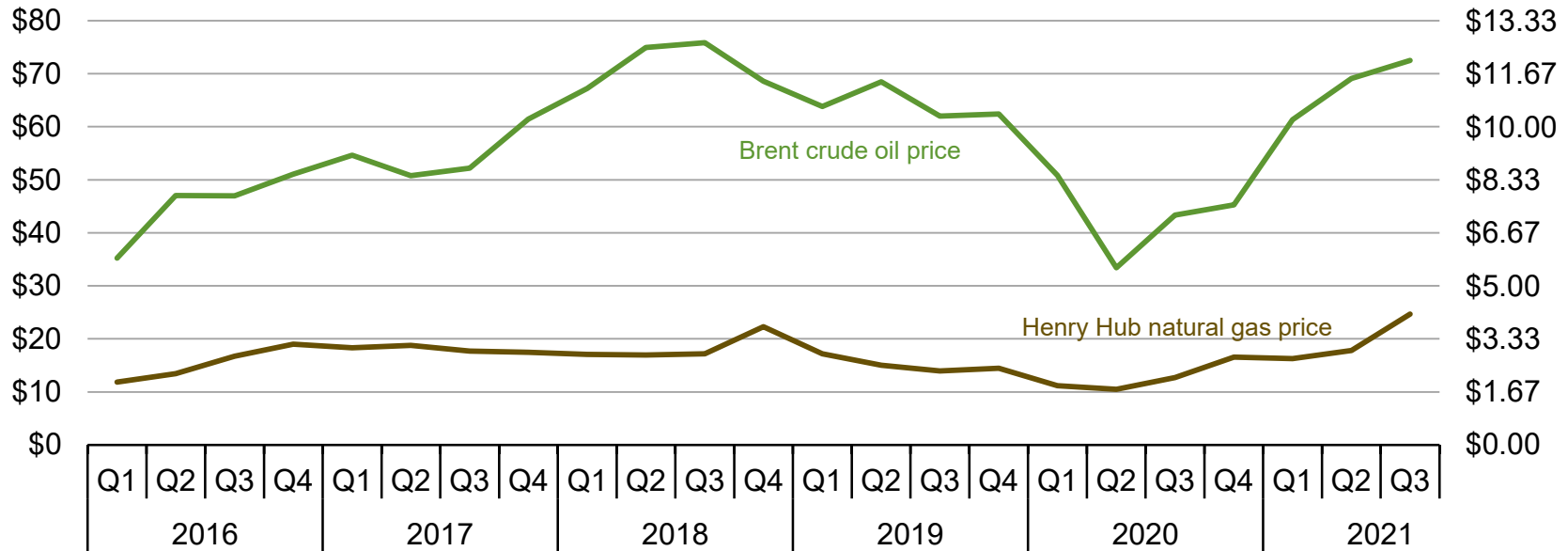
Second-quarter 2021 crude oil prices more than doubled from second-quarter 2020, and natural gas prices increased 69% during the same period

Brent crude oil front-month futures prices, 2016–21

dollars per barrel (b)

Henry Hub natural gas front-month futures prices, 2016–21

dollars per million British thermal units

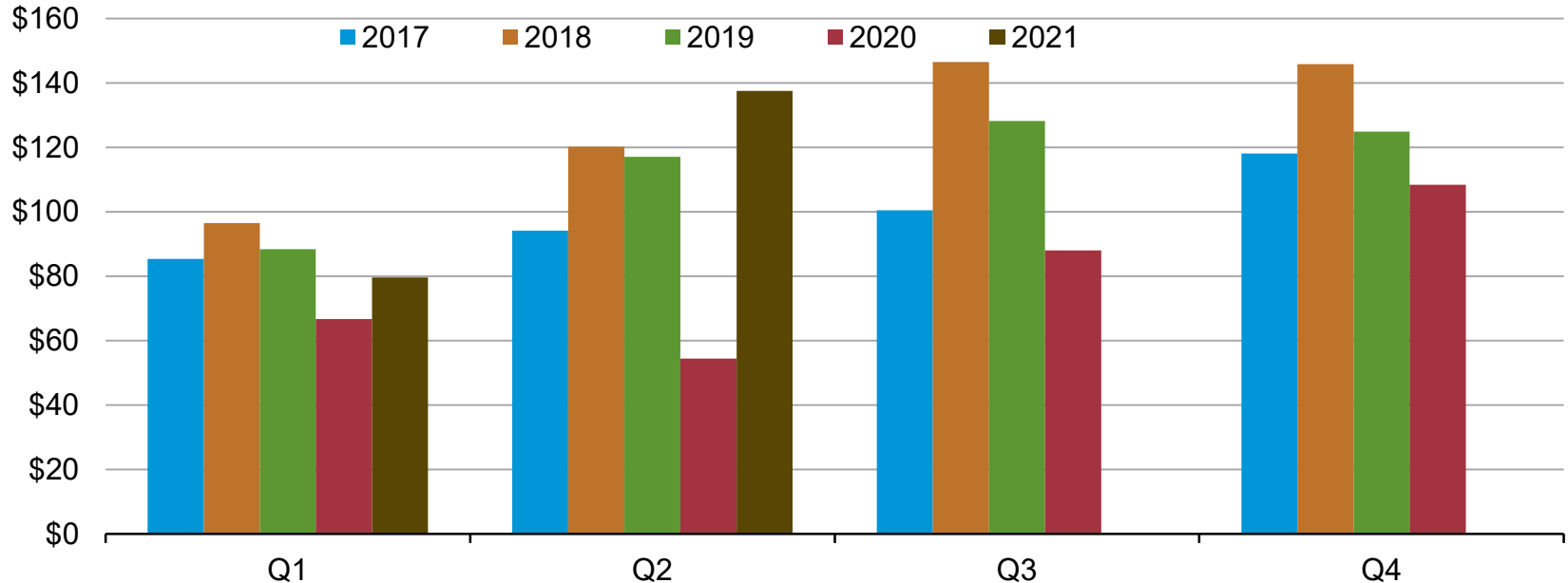


Source: Graph by the U.S. Energy Information Administration, based on Bloomberg

Cash from operations in second-quarter 2021 totaled \$138 billion, the highest amount since fourth-quarter 2018

cash from operations, 2017–21

billion dollars

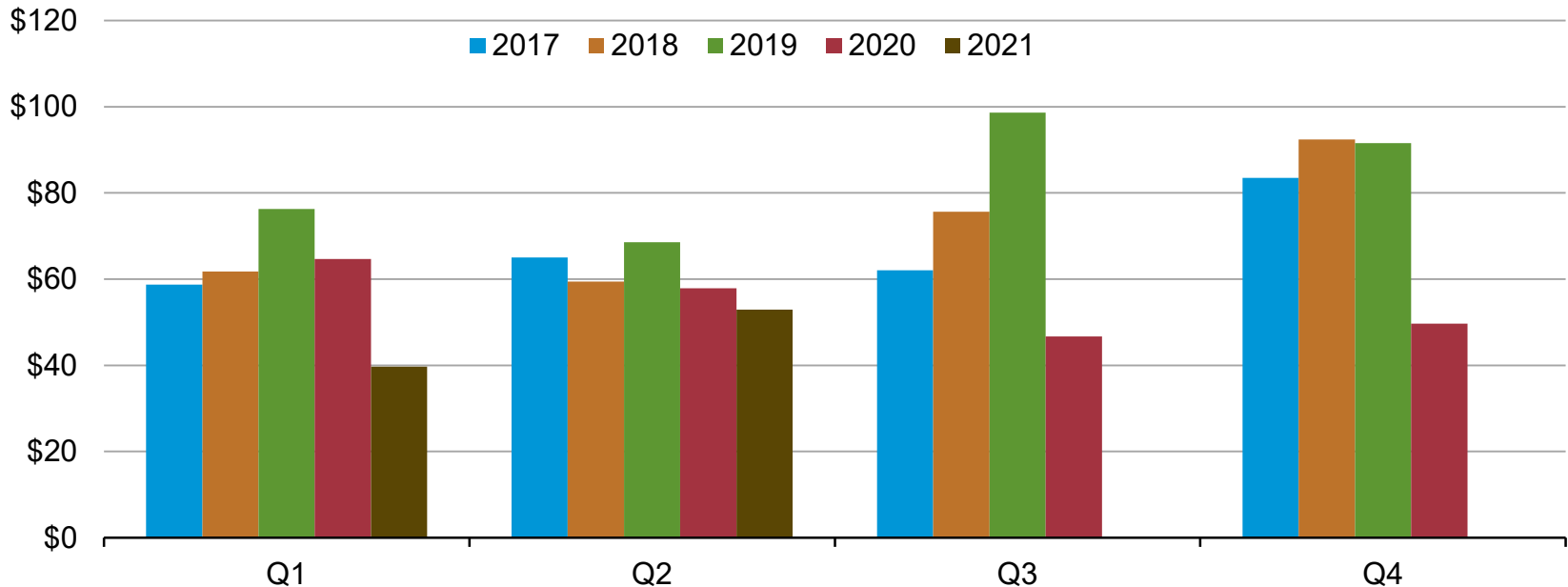


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Investing activities in second-quarter 2021 totaled \$53 billion, 9% lower than in second-quarter 2020

investing activities, 2017–21

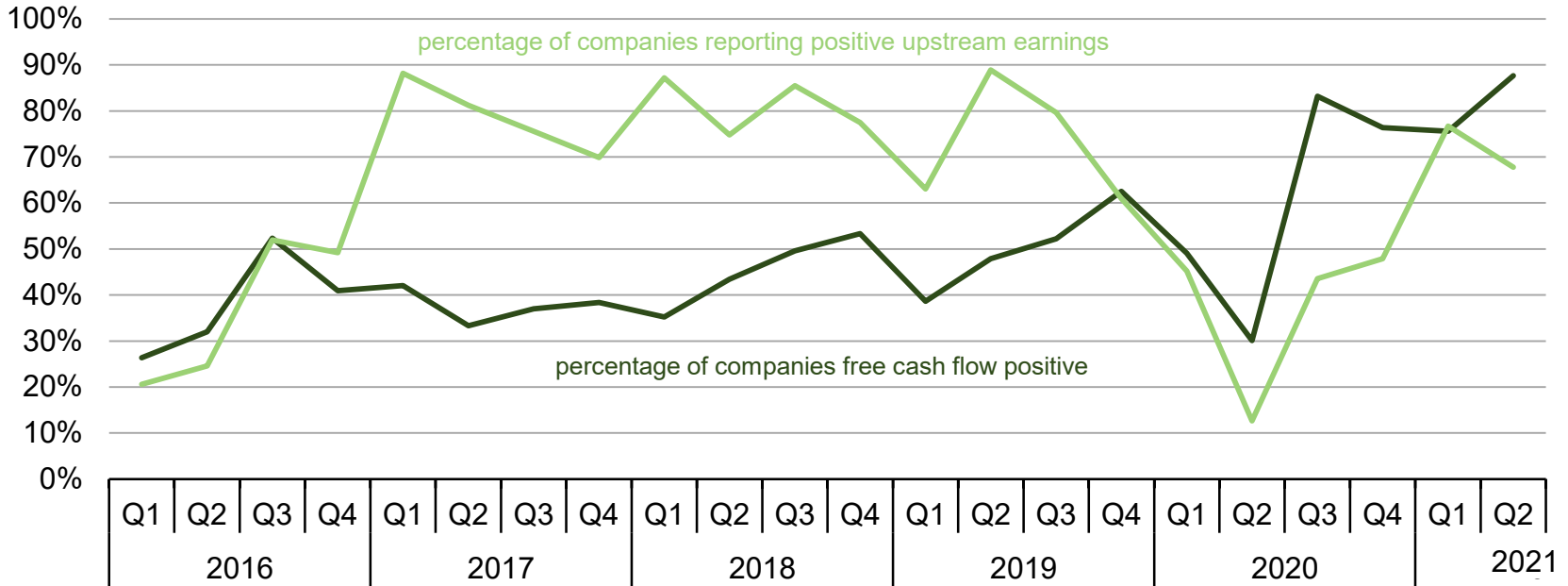
billion dollars



Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

About 88% of companies had positive free cash flow, and 68% of companies reported positive upstream earnings in second-quarter 2021

percentage of companies free cash flow positive and percentage with positive upstream earnings, 2016–21



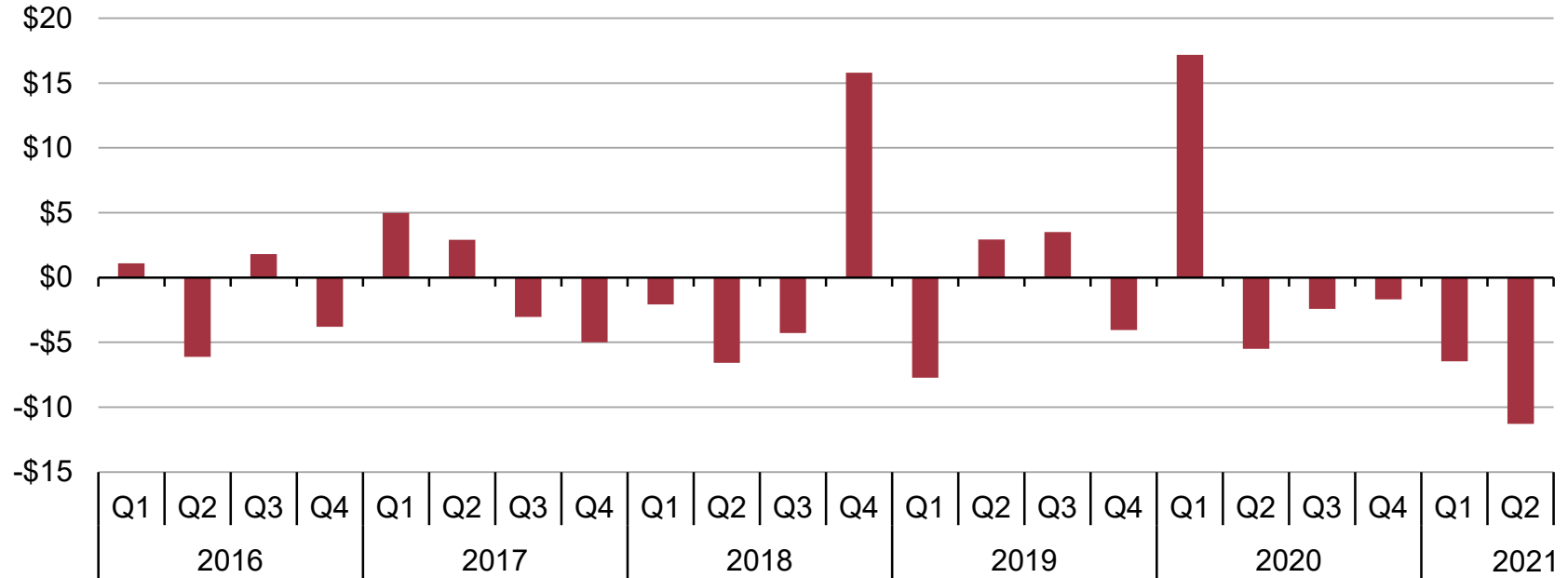
Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Note: free cash flow=cash from operations minus capital expenditures

Net losses from hedging derivatives totaled \$11 billion in second-quarter 2021, the largest net loss in the 2016–21 period

net gain or loss from hedging derivatives, 2016–21

billion dollars



Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

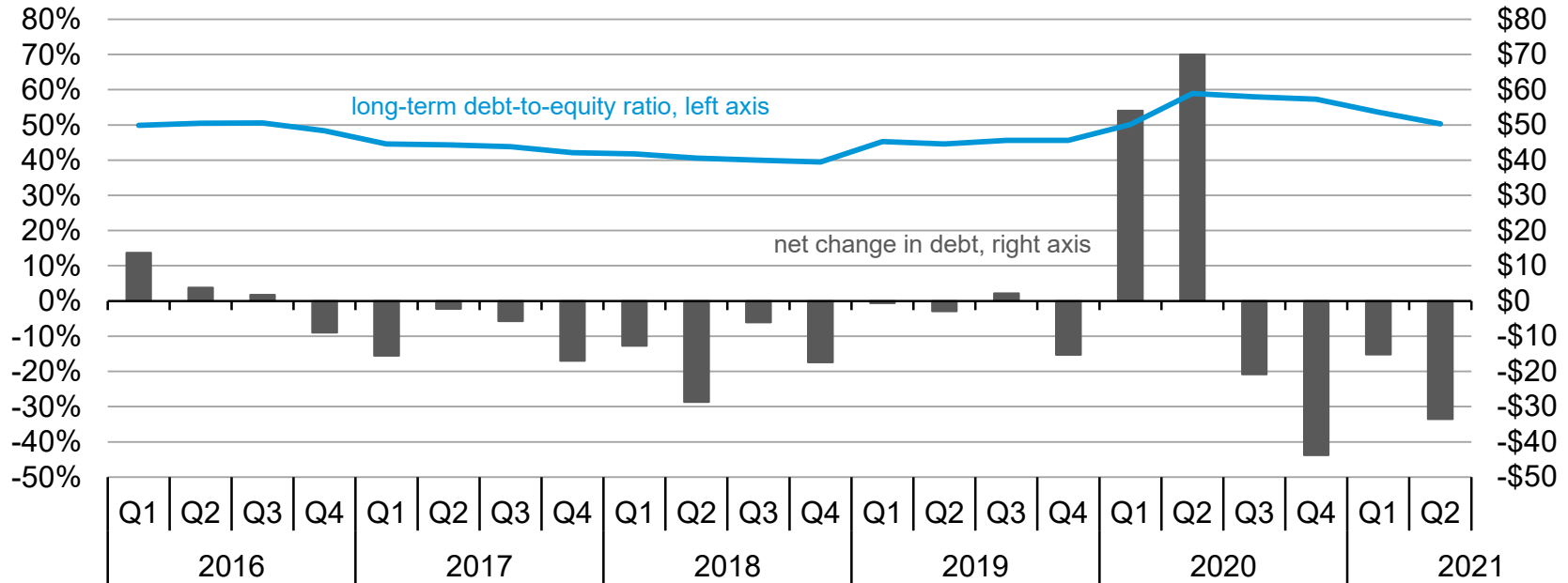
The companies decreased debt by \$34 billion in second-quarter 2021, and the long-term debt-to-equity ratio decreased to 50%

long-term debt-to-equity ratio, 2016–21

net change in debt, 2016–21

percentage

billion dollars

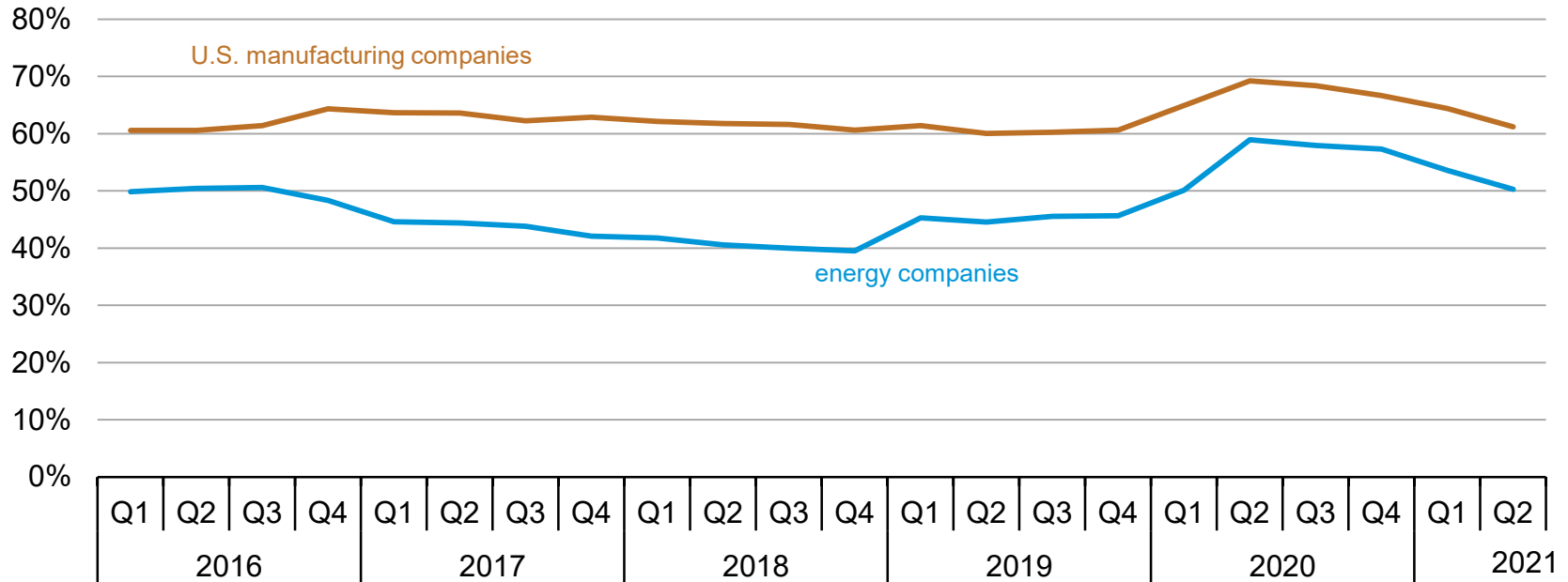


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

In second-quarter 2021, the long-term debt-to-equity ratio for energy companies was 50% and for U.S. manufacturing companies was 61%

long-term debt-to-equity ratio, 2016–21

percentage

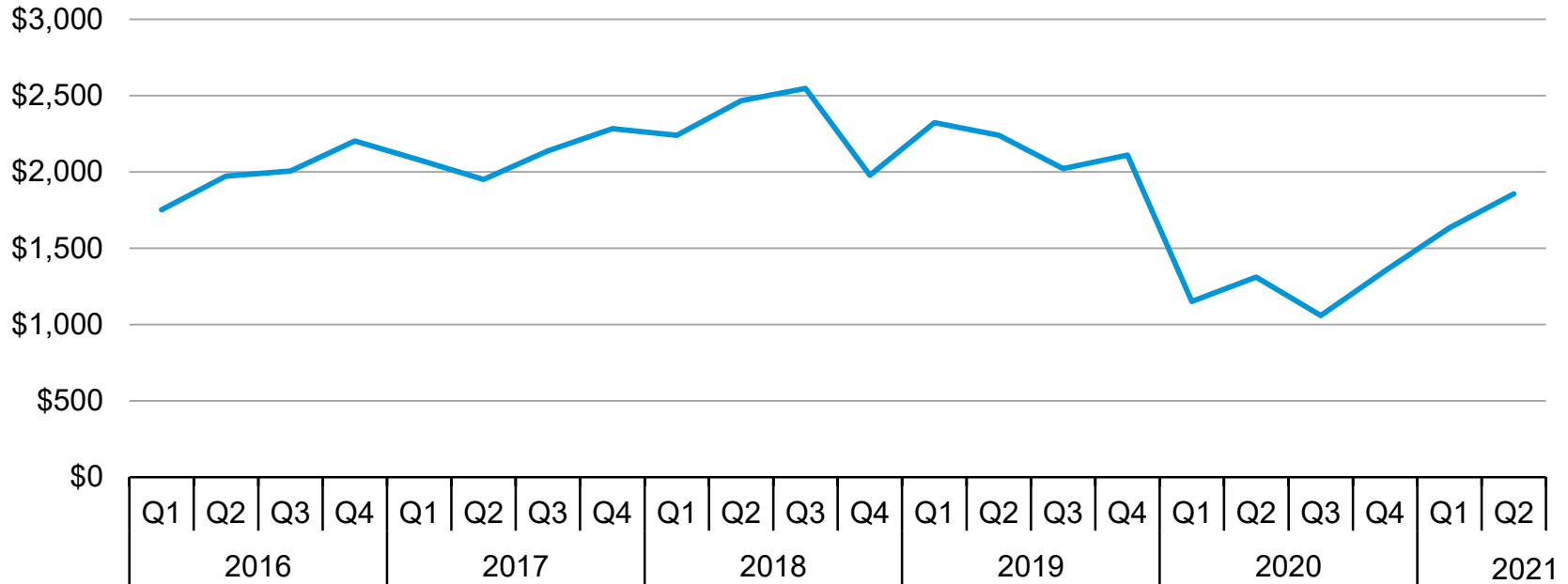


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements and U.S. Census Bureau

The energy companies' combined market capitalization in second-quarter 2021 increased 41% from second-quarter 2020

combined market capitalization, 2016–21

billion dollars

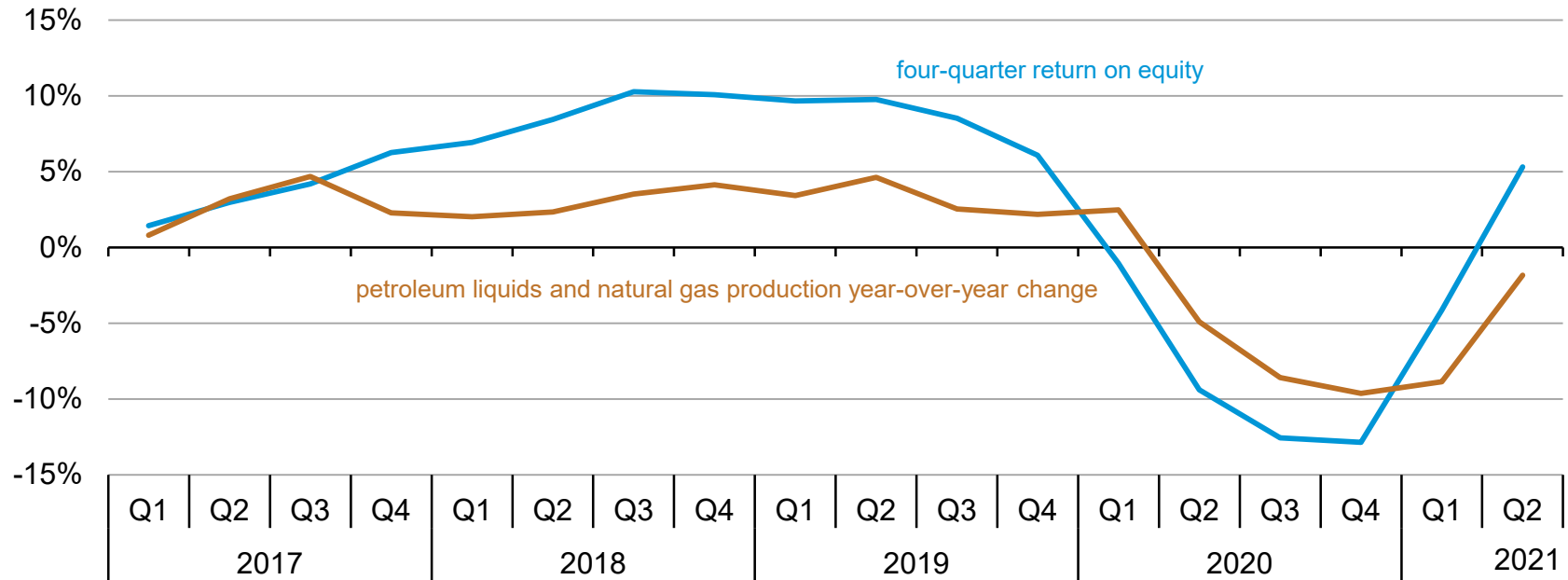


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

The energy companies' return on equity was 5% in second-quarter 2021

return on equity and production, 2017–21

percentage

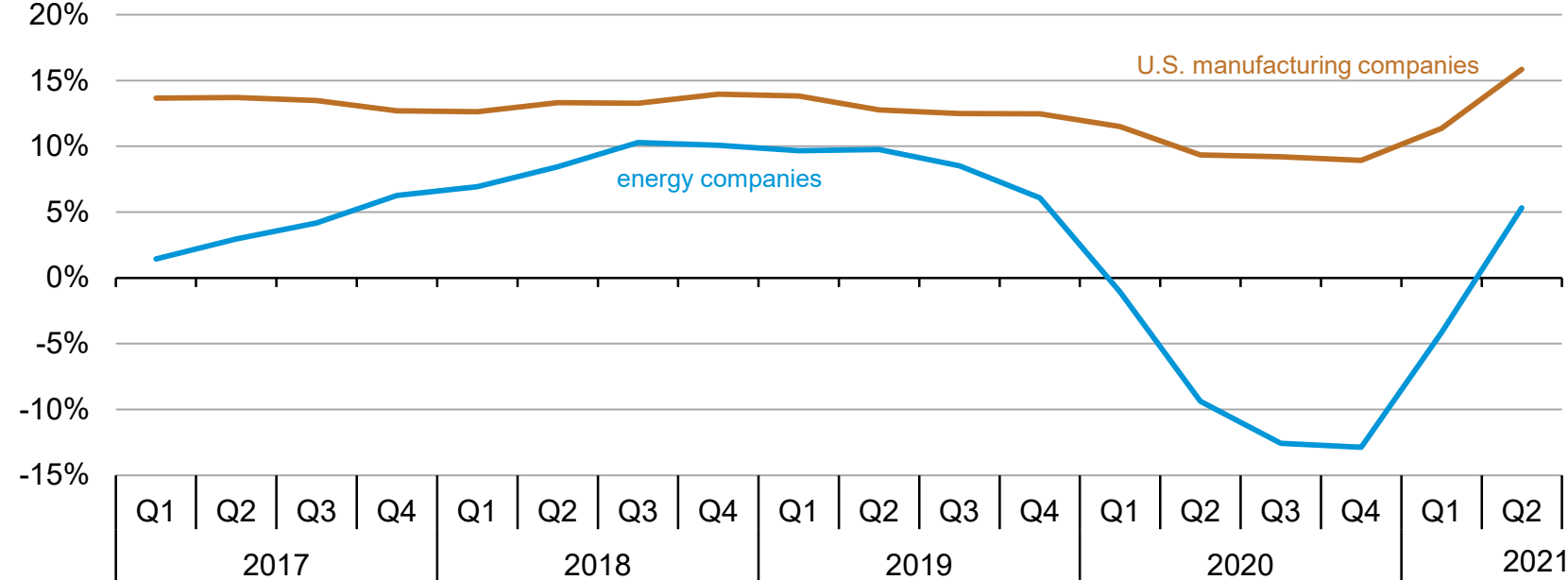


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

The return on equity for energy companies remained lower than U.S. manufacturing company returns

four-quarter return on equity, 2017–21

percentage

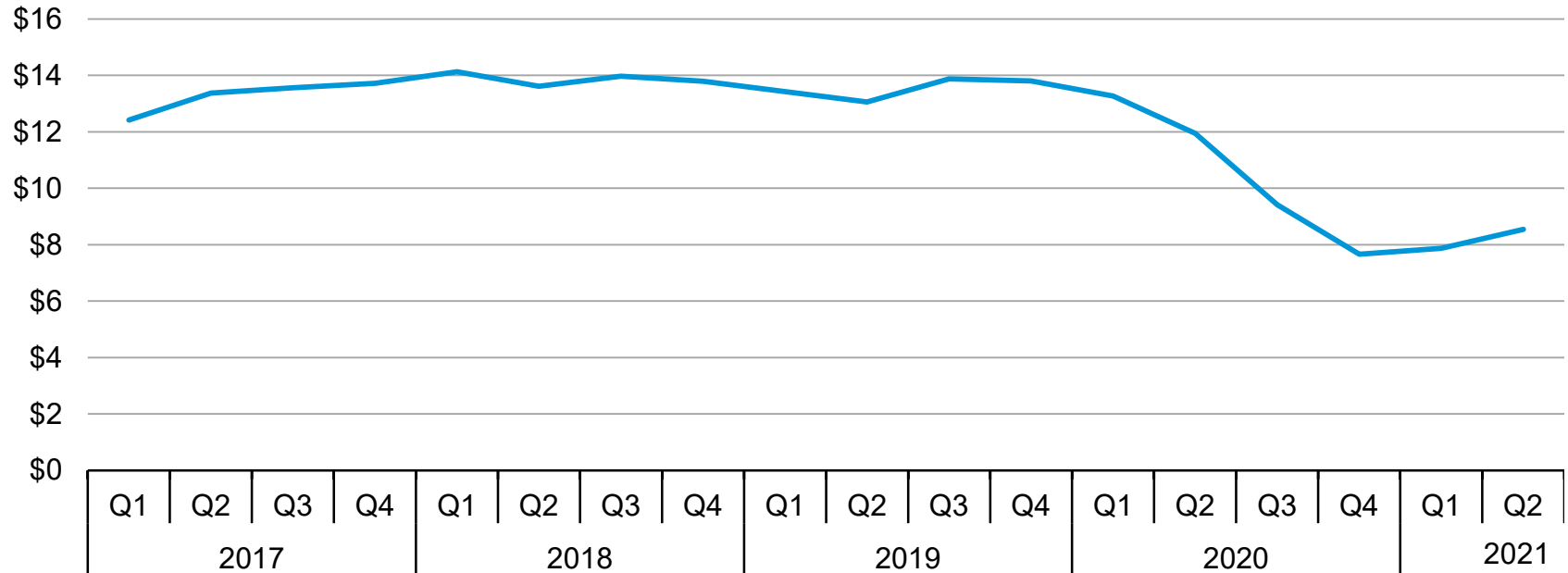


Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements and U.S. Census Bureau

Upstream capital expenditures on a per-barrel basis averaged \$9/BOE in second-quarter 2021

upstream capital expenditure per BOE produced, 2017–21

dollars per BOE, four-quarter moving average



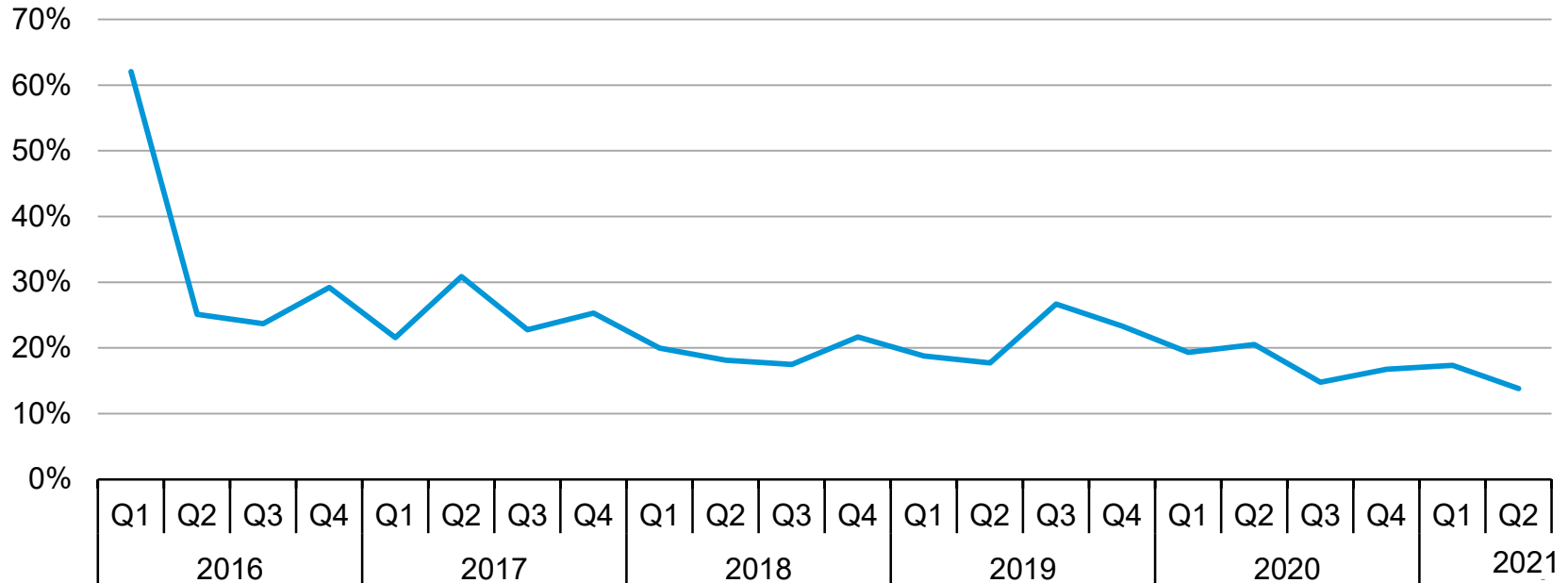
Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Note: BOE=barrel of oil equivalent

Upstream capital expenditures per barrel of oil equivalent were 14% of crude oil prices in second-quarter 2021

ratio of upstream capital expenditure per BOE to Brent price, 2016–21

percentage



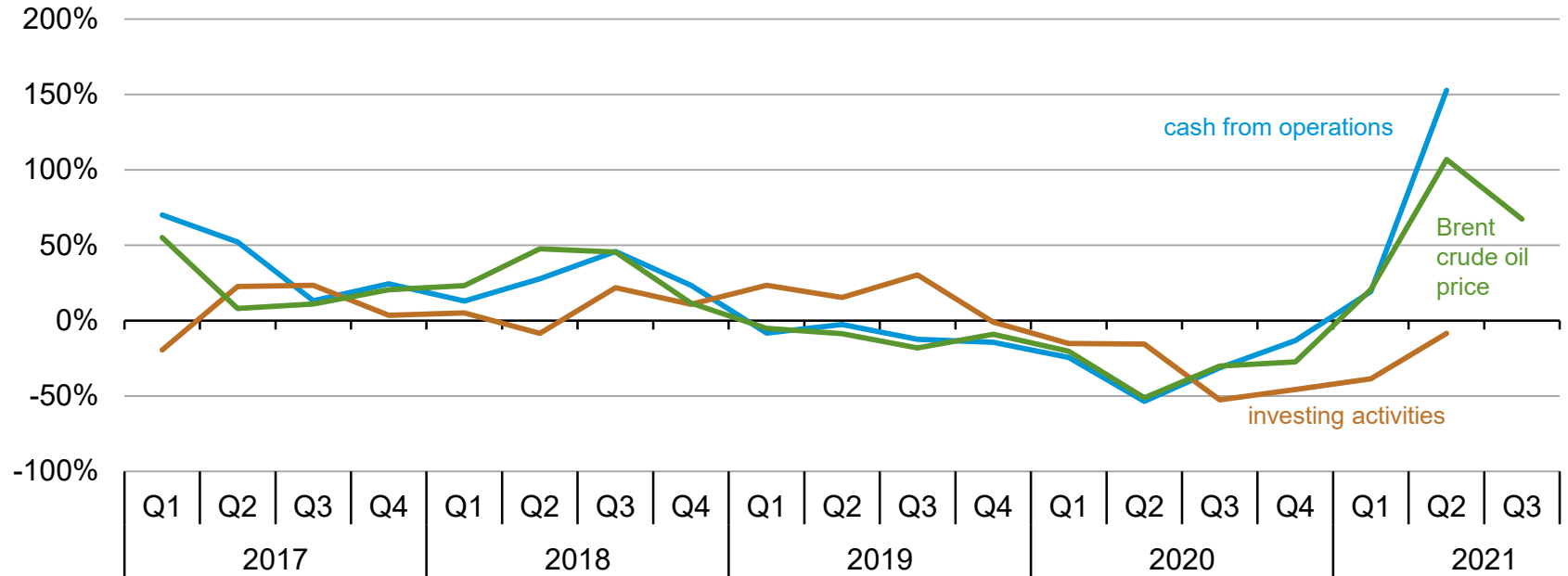
Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements

Note: BOE=barrel of oil equivalent

Crude oil prices increased year over year through third-quarter 2021, indicating continued increases in cash from operations

cash flow items and Brent prices, 2016–21

year-over-year change



Source: Graph by the U.S. Energy Information Administration, based on Evaluate Energy data of companies with public financial statements and Bloomberg

Appendix: List of companies

Abraxas Petroleum Corporation	Carrizo Oil & Gas, Inc	EP Energy Corporation	Kosmos Energy Ltd	Obsidian Energy Ltd.	Roan Resources Inc.	Unit Corporation
Aker BP ASA	Cenovus Energy Inc.	Equinor ASA	Laredo Petroleum Inc.	Occidental Petroleum Corporation	Rosehill Operating Company, LLC	Vaalco Energy Inc
Amplify Energy Corp.	Centennial Resource Development, Inc.	Erin Energy Corporation	Legacy Reserves Inc.	OMV Group	Rosneft	Vermilion Energy Inc.
Anadarko Petroleum Corp.	Chesapeake Energy Corp.	Extraction Oil & Gas, Inc.	Lilis Energy Inc.	Ovintiv Inc.	Royal Dutch Shell	W & T Offshore
Antero Resources Corporation	Chevron Corporation	ExxonMobil	Linn Energy	Paramount Resources Ltd.	Royale Energy Inc.	Whitecap Resources Inc.
APA Corporation	Cimarex Energy Co.	FieldPoint Petroleum Corporation	Lonestar Resources US, Inc.	Parex Resources Inc.	RSP Permian Inc	Whiting Petroleum Corporation
Approach Resources Inc	Clayton Williams Energy, Inc.	Frontera Energy Corporation	Lukoil PJSC	Parsley Energy Inc.	Sabine Oil & Gas Corporation	WPX Energy, Inc.
ARC Resources Ltd.	Concho Resources Inc	Galp Energia	Lundin Energy AB	PDC Energy, Inc.	SandRidge Energy, Inc.	YPF Sociedad Anonima
Bankers Petroleum Ltd	ConocoPhillips	Gastar Exploration Inc.	Magnolia Oil & Gas Corporation	PEDEVCO Corp.	Seven Generations Energy Ltd.	Yuma Energy, Inc.
Battalion Oil Corporation	Contango Oil and Gas Company	Gazprom Neft PJSC	Marathon Oil Corp.	Pengrowth Energy Corporation	Sinopec	Yuma Energy, Inc. (Pre Davis)
Baytex Energy Corp.	Continental Resources, Inc.	GeoPark Limited	Matador Resources Company	Penn Virginia Corporation	SM Energy Company	
Berry Corporation	Crescent Point Energy Corp	Gran Tierra Energy Inc.	Maverick Natural Resources, LLC	Petrobras (IFRS US\$ Current)	SRC Energy Inc	
Black Stone Minerals LP	Denbury Inc.	Grizzly Energy LLC	Mesquite Energy, Inc.	PetroChina	Stone Energy Corporation	
Bonanza Creek Energy Inc	Devon Energy Corporation	Harvest Natural Resources Inc.	Mid-Con Energy Partners, LP	PetroQuest Energy, Inc	Suncor Energy Inc.	
BP Plc.	Diamondback Energy Inc.	Hess Corporation	Midstates Petroleum Company, Inc.	PHX Minerals Inc.	T-Rex Oil, Inc.	
Brazos Valley Longhorn, L.L.C.	Earthstone Energy Inc.	HighPoint Resources Corporation	Montage Resources Corporation	Pioneer Natural Resources Company	Talos Energy Inc.	
Cabot Oil & Gas Corporation	Ecopetrol	Houston American Energy Corp	Murphy Oil Corporation	QEP Resources Inc	Tatneft	
California Resources Corporation	Energen Corp	Husky Energy Inc.	Newfield Exploration Company	Range Resources Corporation	TotalEnergies SE	
Callon Petroleum	Enerplus Corporation	International Petroleum Corporation	Noble Energy Inc.	Repsol	TransAtlantic Petroleum Ltd.	
Camber Energy, Inc.	ENI	Jagged Peak Energy Inc.	Northern Oil & Gas, Inc	Resolute Energy Corporation	TransGlobe Energy Corporation	
Canadian Natural Resources Limited	EOG Resources	Jones Energy, Inc.	Oasis Petroleum Inc.	Ring Energy Inc	Triangle Petroleum Corporation	

Source: U.S. Energy Information Administration, Evaluate Energy

Note: Some companies merged, closed, or delisted before 2021. A total of 90 companies existed in second-quarter 2021.

Background

- This analysis focuses on the financial and operating trends of 90 global oil and natural gas companies (called the *energy companies*).
- The data come from the public financial statements each company publishes, which a data service (Evaluate Energy) aggregates for ease of data analysis.
- We kept an energy company's data in the analysis if it was acquired by another company in the group after first-quarter 2016.
- We collected U.S. manufacturing industry data from the U.S. Census Bureau's *Quarterly Financial Report*.

Brief description of terms

- *Cash from operations* is a measure of income from the company's regular business activities.
- *Capital expenditure* represents cash used to purchase property, plant, and equipment. *Investing activities* include capital expenditure net of asset sales.
- *Financing activities* measure inflows and outflows in debt or equity markets, including dividends, share issuances or repurchases, and debt issuances or repayments.
- *Return on equity* is a measure of the profit a company earns on money that shareholders have invested.
- *Market capitalization* is the total value of all of a company's outstanding, publicly traded shares.

Brief description of terms

- *Net income* represents profits after taxes and depreciation.
- *Asset impairments* occur when a company lowers the estimated value of a property to reflect current market value, which may result from the loss of production potential or a decline in oil prices.
- *Upstream activities* refers to crude oil exploration, production, and other operations that occur before refining.
- *Downstream activities* refers to refinery operations, product sales, and marketing at the wholesale and retail levels.